

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 NEA-10 EB-11 COME-00 INT-08 SCEM-02

SCI-06 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 AF-10 DRC-01 /185 W

----- 005058

R 011447Z NOV 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8472

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION BERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BONN 15822

E.O. 11652: GDS

TAGS: ENRG, GW

SUBJECT: FRG PETROLEUM SITUATION: THE PINCH IN ON

1. SUMMARY. THE FOREIGN OFFICE;S HYSTERICAL AND THE ECONOMICS MINISTRY'S POLLYANNISH VIEW OF THE FRG'S OIL PLIGHT HAVE NOW COME TOGETHER IN A COLD GFR ASSESSMENT THAT GERMANY MAY GET HIT FIRST AND HARDEST BY EUROPEAN SHORTAGES. IF THE ARABS MAINTAIN THEIR SCHEDULE OF PRODUCTION CUTS, IT IS NOT AT ALL CLEAR THAT THE FRG CAN MAKE IT THROUGH A SEVERE WINTER, EVEN WITH CONSUMPTION RESTRICTIONS. JAMIESON, EXXON CHAIRMAN, STRONGLY URGED THE FRG DURING A QUICK VISIT OCTOBER 31 TO IMPOSE RATIONING NOW. END SUMMARY.

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2. UP TO NOW, ECONOMICS MINISTER FRIDERICH'S HAS ATTEMPTED

TO REDUCE PANIC BUYING AND PRICE PRESSURE ON PETROLEUM PRODUCTS BY ASSERTING THE ADEQUACY OF STOCKS AND DISCOUNTING THE PROSPECT OF CONSUMPTION RESTRICTIONS. ALTHOUGH THIS WAS A LINE TAKEN MORE FOR ITS EFFECT THAN ITS CANDOR, THE MINISTRY'S PRIVATE STRATEGY HAS ALSO BEEN A FAIRLY SMUG ONE, BASICALLY LOOKING TO THE EFFECTS OF PRICE DIFFERENTIALS AND GERMAN MONEY PLUS THE GUIDING HAND OF THE INTERNATIONAL OIL COMPANIES TO BALANCE OUT SHORTFALLS IN EUROPE. IN A CONVERSATION WITH US OCTOBER 31, CHANCELLORY ASSISTANT SECRETARY LAHNSTEIN DESCRIBED THIS AS NOT A POLICY, BUT A DOCTRINAIRE LIBERAL ASSUMPTION THAT ONE CAN BUY ANYTHING IF HE DOESN'T CARE ABOUT THE PRICE -- AN ASSUMPTION WHICH HE NOTES IS MANIFESTLY INCORRECT UNDER PRESENT CIRCUMSTANCES.

3. AS FAR AS THE INTERNATIONALS ARE CONCERNED, THE FRG WILL HAVE TO LISTEN TO THE MESSAGE EXXON CHAIRMAN JOHN JAMIESON GAVE MINISTER FRIDERICHS AND MINISTER SCHMIDT YESTERDAY. JAMIESON STRONGLY URGED THEM TO INTRODUCE IMMEDIATE CONSUMPTION RESTRICTIONS NOW AND TO GET AUTHORITY FOR A COMPREHENSIVE RATIONING PLAN. (DRAFT LEGISLATION IS READY, BUT REQUIRES BUNDESTAG APPROVAL.) JAMIESON TOLD FRIDERICHS THAT THE FRG HAS TO ASSUME THAT ARAB PRODUCTION CUTS MAY LAST 6 MONTHS TO A YEAR. OEHME, HEAD OF ESSO A.G., TELLS US HE ADDED THE POINT THAT THE FRG THEREFORE HAS TO FACE UP TO THE FACT THAT ALL ITS ECONOMIC PROJECTIONS FOR 74 ARE WRONG, SINCE THEY ASSUME INCREASED INPUTS OF ENERGY WHICH ARE NOT GOING TO BE AVAILABLE.

4. IN A SUBSEQUENT MEETING WITH THE AMBASSADOR, JAMIESON AND OEHME GAVE THE FOLLOWING RUN DOWN OF THE FRG'S SUPPLY PROSPECTS, WHICH PROBABLY PARALLELS WHAT THEY TOLD FRIDERICHS. THE FRG WILL SHORTLY EXPERIENCE A SHORTFALL IN DELIVERIES OF 20 PERCENT PLUS AN UNKNOWN FACTOR DEPENDING UPON HOW THE DUTCH HANDLE THE PROBLEM OF APPORTIONING ROTTERDAM'S SHORTFALL. THE CUSHION

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 15822

OF OIL AT SEA (IN TERMS OF AMOUNTS ON ROUTE IN EXCESS  
OF THE LEVEL OF CURRENT LOADINGS IN THE GULF) HAS ABOUT  
BEEN USED UP. INDUSTRIAL STOCKS OF HEATING OIL, THE  
MAIN REFINERY PRODUCT, DO NOT EXCEED 4-6 WEEKS SUPPLY.  
RESIDENTIAL STOCKS CORRESPOND TO 8-12 WEEKS CONSUMPTION,  
DEPENDING ON THE WEATHER. A PROGRAM OF MODERATE  
CONSUMPTION RESTRICTION (SPEED LIMITS, NO WEEKEND DRIV-  
ING, 10 PERCENT CUT IN LIGHT FUEL OIL DELIVERIES,  
SWITCHING ALL POSSIBLE HEAVY FUEL OIL USES TO COAL)  
WOULD RESTRICT FRG CONSUMPTION ONLY 6-8 PERCENT. ANY-  
THING BEYOND THIS WOULD HAVE TO CUT INTO USE OF NAPTHA  
BY THE CHEMICAL INDUSTRY AND FUEL OIL FOR INDUSTRIAL  
PROCESSES, I.E. IT WOULD HAVE A MARKED EFFECT ON OUTPUT.  
THIS BLEAK ASSESSMENT OF THE PROSPECTS FOR CONSUMPTION  
RESTRICTION, COMBINED WITH A PROSPECTIVE 20# PERCENT  
FALL IN DELIVERIES, PLUS AN ADDITIONAL 5 PERCENT CUT  
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EACH MONTH (FOR 6 MONTHS OR MORE, IF ONE ACCEPTS JAM-  
IESON'S GUIDELINES) MAKES THE FRG'S REQUIRED STOCKS

(THEORETICALLY 65 DAYS CONSUMPTION) LOOK RATHER SMALL.

5. THE EFFECT IS GOING TO BE TO MOVE THE FRG RAPIDLY  
TOWARD CONSUMPTION RESTRICTIONS AND PROBABLY SUBMISSION  
OF AN EMERGENCY RATIONING BILL TO THE BUNDESTAG FOR  
PRIORITY TREATMENT.  
HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM PRODUCTS, SUPPLIES, RATIONING, ECONOMIC CONSUMPTION  
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**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Executive Order:** GS HILLENBRAND  
**Errors:** N/A  
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**Office:** ACTION EUR  
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**Previous Handling Restrictions:** n/a  
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30 JUN 2005

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